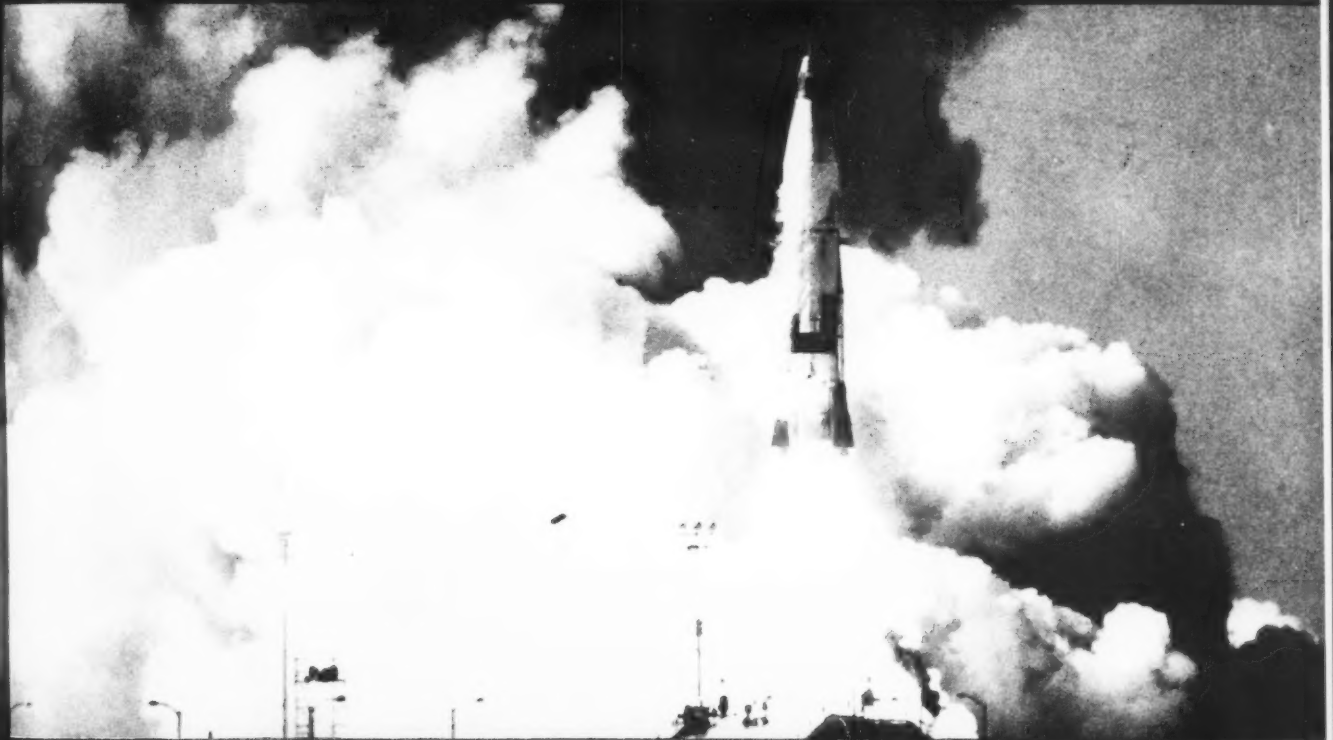


SOCIAL SCIENCES

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# PUBLIC RELATIONS JOURNAL

MAY 1959



## THE WAITING AUDIENCE

By Hillier Krieghbaum

See Page 6

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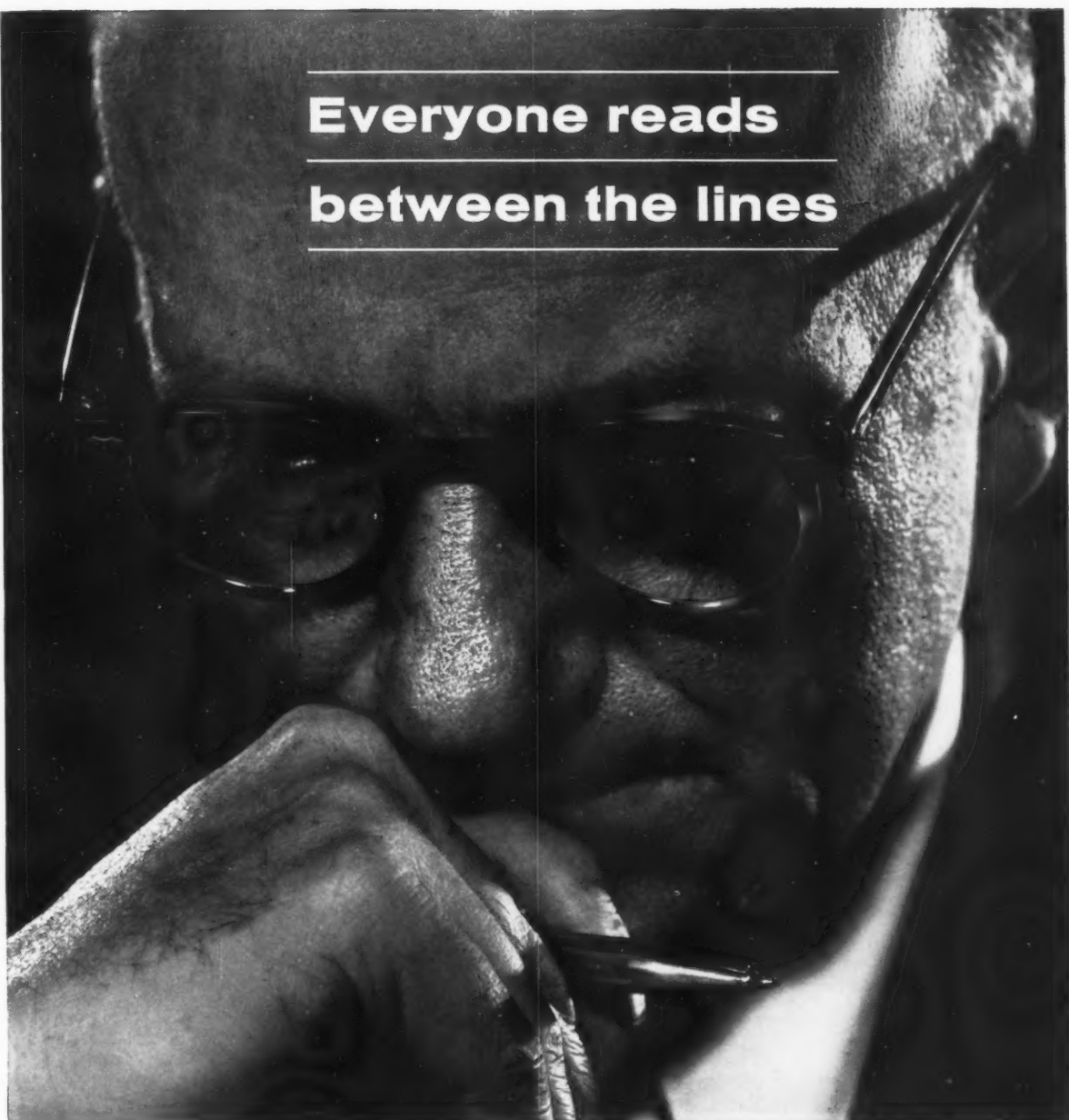
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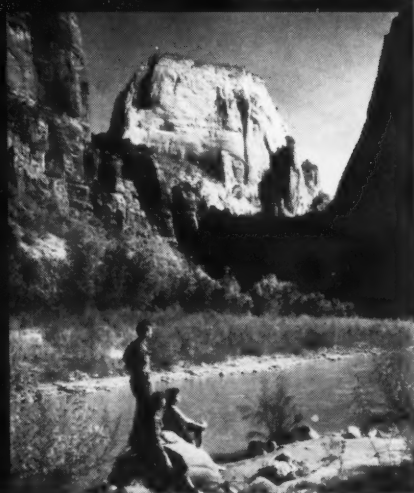
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A JOURNAL OF OPINION IN THE FIELD OF PUBLIC RELATIONS PRACTICE

# PUBLIC RELATIONS JOURNAL

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VERNE BURNETT  
*Editor*

MARY E. MCNEILL  
*Executive Editor*

WILLIAM W. COOK  
ROBERT D. ECKHOUSE  
JAMES H. STACK  
*Assistant Editors*

G. M. LEWANDER  
*Advertising Director*

*Editorial and  
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## The Waiting

- Audience** . . . . . *Hillier Kriehbaum* 6  
Science news has gained in importance since Sputnik I.

## How Employees Influence

- A Company's Reputation** . . . . . *Douglas Williams* 11  
Employees can tell the community a good or bad story.

## How Does It

- Look to the SEC?** . . . . . *Robert D. Eckhouse* 16  
SEC regulations pose problem for communicators today.

## What Corporations Say

- About Annual Reports** . . . . . *Don Campbell* 21  
Costs, procedure, preparation in producing reports.

## Public Relations

- In Israel** . . . . . *Burton M. Halpern* 24  
Israel recognizes need for public relations, American-style.

- Books in Review** . . . . . 30

- Foundation Awards Fellowships** . . . . . 31

- Public Relations Institute Planned** . . . . . 32

ON THE COVER: A Shrouded Giant—clouds of steam and smoke poured from an Air Force Atlas ICBM when it soared off on a test flight in June, 1958 at Cape Canaveral, Florida.

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# Editorial

## ABOUT READERSHIP OF THE JOURNAL

● The Society's JOURNAL now has the findings of a pilot study of its readership, based on the November, 1958 issue. In the survey sample, two thirds of all the persons who answered either in writing or by phone indicated clearly that they read that particular number. Others did not get around to reply and some said the magazine hadn't come to their attention in November. The remainder of the sample stated that they had not read it.

Of those who filled out the written questionnaire, 90 per cent had read the November publication. So a core of active readership has been built up.

Other encouraging findings came to light. The negative comments which came in were constructive because they point to ways in which we can attract and interest more readers as well as retain the favorable attention of the many we now have.

Before expanding on the various results, we should explain that the survey was handled through Opinion Research Corporation cooperating with the editors and JOURNAL staff. The research company contributed its know-how and managerial services without charge to the Society. We are greatly appreciative of this splendid contribution.

More than 400 questionnaires went into the post office, about 300 of them to the Society membership and some 100 to subscribers who are non-members. These latter included editors, broadcasters, educators, corporation executives, advertising agents and others who like to keep in touch with the public relations field.

Of the mailed questionnaires 28 per cent soon came back with the answers filled out (for which we say "thank you very much"). Then through telephone interviews the researchers followed up a cross section of 150 of the persons who had not returned the written questionnaires.

Accompanying each questionnaire which we mailed was a copy of last November's issue. Specific questions were asked about four principal articles.

Regarding the combined phone and written replies, it may perhaps come as a surprise to some that the article on budgeting for public relations won the highest rating. More than three fourths of all of the respondents read it and only 13 per cent said it didn't come up to their expectations in some way or other.

Nearly two thirds of those who took part in the survey liked the articles which discussed taxation affecting public relations activities. Only 10 per cent expressed any disappointment with the material. An-

other article, on language barrier problems in communications, won a slightly lower rating.

The nostalgic, historic article on the build-up and demise of the Model T Ford had a high readership but was considered by one third of the readers as being somewhat at odds with the type of subject matter the JOURNAL should carry. Presumably it was considered somewhat more suitable for a general interest magazine.

One of the most general reactions from JOURNAL readers was that they want editorial material which will help them specifically in their work. They welcome new ideas, approaches and techniques. They want to know how difficult public relations situations have been analyzed and successfully treated. They like to hear about new facilities in our field. For the most part they are eager for case studies and how-to-do-it information, but they still want primarily a professional JOURNAL.

The readers do expect writing about basic principles, psychology and policies, but they like ample illustrative examples. They also applaud steps toward advancing our professional status and greater strength for their Society.

Since the November issue, the editors have been moving more or less in the direction of the thinking which the survey later brought into focus. We receive an increasing volume of favorable letters from readers. Some items printed in the JOURNAL have resulted in a plethora of phone calls and letters. A much larger volume of articles pours in — and we would appreciate still more so that we can make plans for issues far in advance and select the very best of the offerings.

One pleasing sidelight came from educators—they said the JOURNAL proved to be very helpful in teaching the subject of public relations.

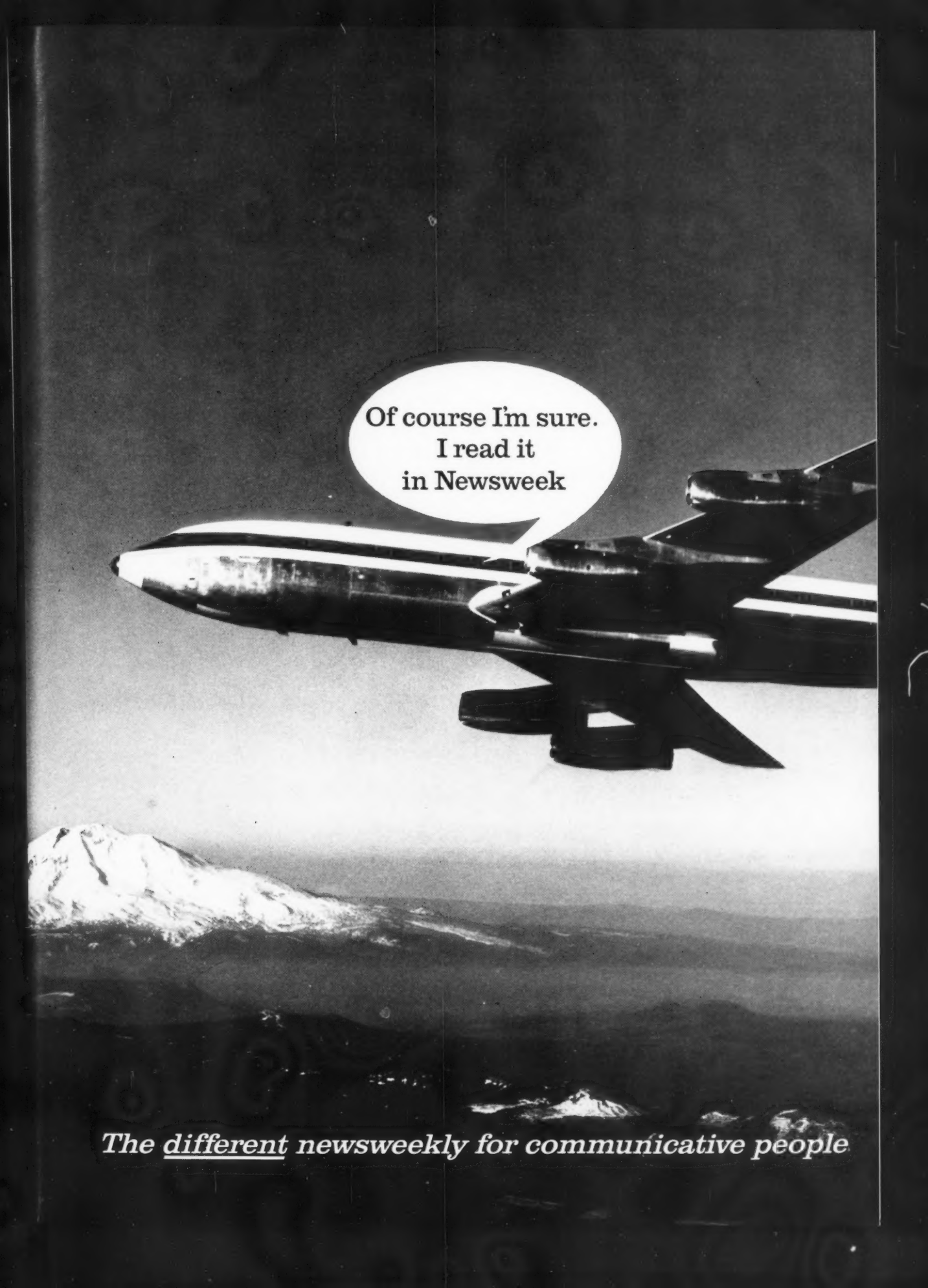
Our critics favor more copy which is bright and not preachy. Don't we all? And we will try to get it. Another criticism (which will be met) was that there aren't enough short articles scattered around among with the long ones.

Thanks to everyone who cooperated by filling out the survey questionnaire or by giving opinions over the phone. Respondents were most forthright, some tossed bouquets and others threw colorful brickbats at us. We are analyzing all comments with care. A great deal of value to the JOURNAL, its readers, and the Society generally should result. ●

—VERNE BURNETT







Of course I'm sure.  
I read it  
in Newsweek

*The different newsweekly for communicative people*

# THE WAITING AUDIENCE



PHOTO COURTESY UNITED PRESS INTERNATIONAL

MARCH 29, 1955. First time two atomic blasts were ever set off in one day at the AEC Yucca Flat proving ground.

## *Nationwide surveys of science news "consumption" have important implications for practitioners*

**By Hillier Krieghbaum**

● The more that communicators can learn about the people they are trying to reach the better off they will be. This is true whether they are newspaper and magazine reporters and editors, radio and television script writers and producers, or public relations practitioners.

Adequate information about the man and woman at the other end of the communications transmission belt may make the difference whether the "message" gets through and is remembered or whether it is missed or forgotten.

Two recently released surveys, reporting on reading, listening, and

viewing habits of typical cross-sections of Americans, answer many questions about the audience that is awaiting the mass media. The first of these public opinion polls was conducted among 1,919 adults in 1957 and the second, in 1958, included a sampling of 1,547. Both were done by the Survey Research Center, University of Michigan, for the National Association of Science Writers, an organization of approximately 350 professional journalists, and New York University, which handled the administration of a substantial grant from The Rockefeller Foundation.

Although the surveys aimed at science news "consumption," they gathered a tremendous wealth of general

information on how papers, magazines, radio, and television fitted into the public's use of mass media. The results present a very comprehensive analysis of public usage of media and provide statistical validation for many of the hunches of students of public opinion and mass communications.

Here are six highlights from the survey:

1. There is no one pat path to all the great American public.
2. It really *does* matter how a story is told.
3. Those who are reached by mass media have definite prejudices and bias about the news they want. And these results may surprise many people who think they know the answers.

4. Readership does influence attitudes—at least, attitudes toward science and scientists, factors which were probed in these surveys.

5. A lot of information does get through to the typical American from the mass media but frequently only general awareness, rather than technical detail, is transmitted.

6. The public of the various media take information and convert it to their own frames of reference.

These findings rest on surveys that utilized generally accepted techniques of probability sampling. The size of the sample in each case and the methods used in the choice of respondents insured an accurate reflection of the habits and opinions of adult America.

#### All mass media widely used

Americans, it would seem, almost wallow in the mass media. The lives of nearly all are touched directly by one or more of the four major channels of communication—newspapers, magazines, radio, and television. In the first survey, for instance, all but one person in 100 reported using at least one medium, and half (49 per cent) said they used all four media.

Despite television's increasing popularity in recent years, the newspaper remains the most popular medium for general news for most Americans. However, as a source of popular entertainment, television swept the field as odds-on favorite. A series of detailed questions in the 1957 poll provided this evaluation:

	Favorite Medium for General News	Favorite Medium for Entertainment
Newspapers	57%	5%
Magazines	4	6
Radio	16	14
Television	22	74
Not Ascer- tained or Don't Know	1	1
	100%	100%

(Number in Sample = 1,919)

When it came to general use of media, newspapers and television were almost even, with one person in 11 not regularly reading a newspaper and slightly fewer not viewing television regularly. One person in six did not listen to radio regularly and

one in three did not regularly read a magazine. These figures were substantially constant for both surveys.

Regarding science news, certainly a form of "hard news" as Dean Emeritus Frank Luther Mott of the University of Missouri School of Journalism used the phrase, magazines showed up well. When the tabulating included only those who went to college, slightly more said they got their science news primarily from magazines than said they got it from newspapers.

Thus we may demonstrate that no single "royal road" exists for communicating with all the great American public. Those with a "message" should decide what public they wish to reach and then learn about the communications behavior of that particular group.

#### Importance of techniques

The first survey provided what probably was the first professional study of how a typical cross-section of American adults would react to different versions of the same general news. All of these were science stories that might appear in headlines within the next few years. At the request of members of the Surveys Committee of the National Associa-

• *Professor Krieghbaum's career includes work in the fields of press associations, public relations and journalism teaching. For more than ten years he was a staff correspondent for the United Press. He has taught at Kansas State College, University of Oregon and, since 1948, at New York University. Currently he is chairman of the Department of Journalism, Communication Arts Group. During the past ten years, Professor Krieghbaum has been chairman of the Surveys Committee of the National Association of Science Writers and helped supervise the surveys of attitudes towards science, scientists and science writing reported in the accompanying article. He wrote a popularization of the findings of these surveys in "Science, the News, and the Public," (New York University, 1958). •*

tion of Science Writers, the questionnaires were split between two versions. Thus half the respondents told whether they would be "very much interested" in reading about a set of fairly abstract topics and the others were asked to rate concrete ideas which dramatized comparable subject material.

If the science writers were correct, then the way a story idea was presented would have a lot to do with the public response. Did a news item that was effectively dramatized have a better chance than a general statement about a topic?

#### Average increase

While the results were not completely focused in each comparison, they did demonstrate that what the science writers considered more alluring presentations generally did get more attention. The average increase for dramatized or headline-type versions was 7 per cent. This would mean, for example, an average increase of approximately 7,000 readers for a publication with a circulation of 100,000.

The picture, however, was not really that simple because two of the nine topics presented in what the science writers considered the more abstract and less attractive way outdrew what they thought would be more alluring. Both were medical and health topics and it may be that the public's interest in such news rates highest when it covers an undifferentiated and large number of diseases. One abstract statement was "New ways of treating disease" while its dramatized companion topic read "Can science protect you against heart disease?" The abstract approach gained 72 per cent of its half of the sample as "very interested" while its rival got only 69 per cent. Although heart disease causes more deaths annually than any other disease in the United States, it still is not so all-inclusive as "diseases." The more general form allowed each respondent to dub in any disease he pleased, including one he feared or one that had just stricken Aunt Minnie.

Interest apparently also was stimulated  
*Continued on Page 8*



Professor Kriegbaum

lated by the practical appeal or applicability of the story idea to an individual's daily life. For example, "New scientific ways to prepare food" got 44 per cent while the companion "Foods that won't ever spoil" won 60 per cent.

The dramatized, or headline-type, wording increased interest across most social groups. Interest in both abstract and dramatized formats increased with the educational levels, but the more specific wordings had their maximum impact compared with the abstract among high school graduates. The dramatized version also was more attractive to those who had gone to college, although it did not enjoy quite as much spread as among former high school students.

Time spent in working out a more appealing and interesting presentation of an idea is time well spent. It is possible to step up readership with a more dramatized or particularized version.

### What people want to read

In an effort to have survey respondents rank various categories of news, each was asked early in his interview about "the kind of things that interest you in the paper." He was requested to rate ten news categories as to whether "you usually read it all the way through," "read some of it," "just glance at it," or

"skip over it." Then he was asked to rate the same ten categories as to whether he personally would like to have more, about the same amount, or less than presently printed in his newspaper.

In the "reads all" grouping, local news was first with 48 per cent. Next were "people in the news" or human interest stories with 40 per cent, and then came stories on medicine and public health with 37 per cent.

In the "wants more" classification, stories on medicine and health ranked first with 42 per cent. Local events were second with 35 per cent and non-medical science items next with 28 per cent.

Sex reared its head when questioners asked about medical as contrasted with non-medical science stories. Men, who generally read more when both areas were combined, frequently selected non-medical stories while women picked medical news. Could this be because the wives and mothers were more concerned with the family's health while men were the gadgeteers and wanted do-it-yourself information of applied science and mechanics?

The low ranking of both sports and society or the "Double S" news may surprise many veteran handlers of information. Admittedly each has a sexlinked audience, but that would hardly account for the fact that only 37 per cent of the sample did more than glance at sports and 31 per cent did more than glance at society. More than a quarter of the sample said they "skipped over" society (37 per cent), sports (35 per cent), and comics (27 per cent). Much the same trend was repeated when interviewers asked what might be left out of newspapers to make room for more science.

As the Associated Press Managing Editors said in the 1958 Blue Book, there exists "the need for continuing revision of our bases of news judgment as our society and the interests of its members change." The comment rested in part on the NASW-New York University studies' findings.

News trends do not exist in a vacuum. As readers' desires for news change so should the thinking of editors, producers, and public relations

men. But the old-fashioned ideas that people are interested in local happenings and in themselves seem to be as valid as ever.

### Reading influences attitudes

Careful study of the attitudes of those in different levels of readership of science news showed a direct relationship between amount of reading and favorable attitudes toward science. Those who read the most science news were most favorably disposed toward both science and scientists.

For example, an overwhelming majority of those sampled felt that the net results of science had been beneficial. One question read, "All things considered, would you say that the world is better off or worse off because of science?" Eighty-three per cent said unequivocally that the world was better off and only two per cent said, without qualification, that it was worse off. This relationship to science news reading is shown in the following table:

	World Unqualifiedly Is Better Off
Reads all	92%
Reads some	90
Glances at	78
Skips over	73
Reads no papers	64
(Number in Sample = 1,893)	
(Not ascertained cases omitted)	

Case after case illustrated that attitudes were more favorable if individuals took the time to read news items that would inform them about some topic. Catch a reader and the chances are you have gained a supporter.

### Two satellite surveys

The science writers were fortunate enough to have included a question about "launching a space satellite, sometimes called a man-made moon" in their first survey. After the Soviets did launch Sputnik I in October, 1957, The Rockefeller Foundation agreed to provide additional funds for a second survey so that a "before" and "after" comparison could be made.

Within a few months after the

*Continued on Page 10*

# How to have a boom without a bottleneck



\$1,100 more spending money  
per family . . .

Thirty-three percent more goods . . .  
in just ten years . . .

Economists see growth and prosperity in your future. American ingenuity and skill will produce more of the things you want to buy . . . and you will have more money to buy them.

The production boom will depend largely on the efficient, low-cost transportation which only the railroads can provide. In 1969, there'll be 500 billion *more* ton-miles of freight to move each year.

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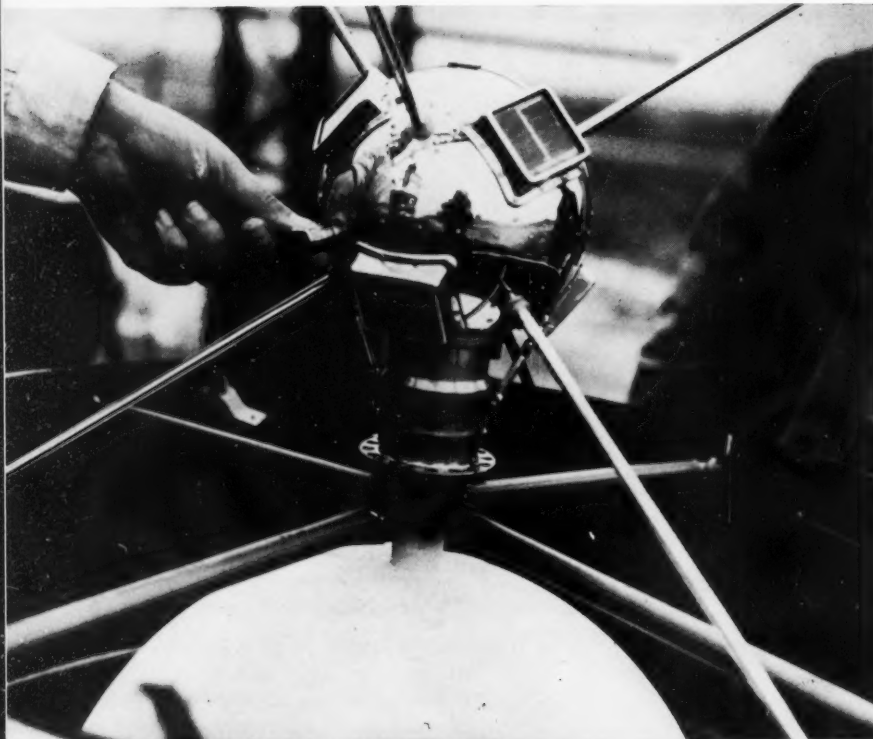


PHOTO COURTESY UNITED PRESS INTERNATIONAL

**TURNING ON VANGUARD'S VOICE.** Just before the baby moon was launched at Cape Canaveral, Florida, in March, 1958, a switch was flicked, turning on the voice of two tiny radio transmitters.

launching of Soviet and United States space satellites, almost half of the American public became aware of them. A breakdown showed:

	Before (1957)	After (1958)
Had heard something and knew purpose	21%	64%
Had heard something but did not know purpose	14	23
Supplied misinformation	11	4
Had heard nothing	54	8
Not ascertained	*	1
	100%	100%

Number in Sample (1,919) (1,547)  
(Symbol \* indicates less than one half of one per cent.)

In addition to the satellite touchstone question to ascertain knowledge of science topics that had been in the news recently, the first survey also probed about a vaccine to prevent polio or infantile paralysis, radioactive fallout or dust from atomic bombs, and fluoridation of drinking water. In all cases, more than half of the sample could supply some information about the subject.

For Salk vaccine, which was the most publicized and also the subject on which the most information was "played back," 40 per cent could mention at least some specific non-technical details and another 48 per cent knew that the vaccine existed, it worked, it was available, or some other general information of that sort. Only four per cent said they had never heard of it.

For fluoridation of drinking water, 40 per cent mentioned that it prevented tooth decay and an additional 11 per cent gave vague replies such as "It helps teeth." Some 12 per cent confused fluoridation with chlorination and 26 per cent said they had never heard of it.

Although radioactivity had been discussed the preceding year during the presidential political campaign, 33 per cent said they had never heard of it. Twenty-eight per cent gave at least specific non-technical statements and another 25 per cent made such vague statements as "It's dangerous" or "It kills."

## Fitting news to prejudices

The post-Sputnik figures on what the public thought was the purpose of satellites provide a fascinating example of how segments of the public take the same information and transform it as each individual sees fit.

Almost two-thirds of the sample (64 per cent) had heard of space satellites and knew their purposes. Individuals in this group were asked, "From what you've heard, what is the purpose of launching these satellites?" All of these people were aware of satellites but they thought of them within their own frames of reference. The breakdown was as follows:

Scientific information	27%
Competition with Russians	20
Future possibilities	17
(Number in Sample = 1,547)	

How individuals tended to answer this question rested to a considerable degree on where they fell in social groupings. For instance, almost a quarter (23 per cent) of the 21 to 29 age group thought of space satellites in relation to future possibilities. Long-range possibilities for space travel apparently have most meaning for those most likely to live to see them. The greater the educational background of a respondent, the greater was the chance that he thought of satellites in scientific terms. Those who read magazines were, generally, more informed about satellites and tended to think of them in scientific terms more than other media audiences.

Those who read all the science stories in their papers were well informed and tended to think of satellites in scientific terms. Ability to "play back" scientific information decreased as readership of science news declined. So did the concept of future possibilities of satellites. In terms of competition with the Russians, the trend remained fairly constant and accounted for about one person in five regardless of readership.

No matter how a news item is presented there is always a possibility that readers will "consume" it and then convert it to their own uses. Each man wears, as it were, glasses ground to his own prescription when he read the day's news. ●

What kind of story do your employees  
tell the community about your company?

It can be a good one—or a poor one...

# HOW EMPLOYEES INFLUENCE A COMPANY'S REPUTATION

By Douglas Williams

● Let us say you decide to walk down the street of an average town, ring the doorbell at an average house, and ask whoever comes to the door what his opinion is of "Company X" in the town.

He might say it's a good company to work for, referring to his acquaintanceship with one or more employees as providing the base for his opinion. Or, conversely, he might say he knows nothing about the company; that, after all, *he doesn't know anybody who works there*; so how can he have much of an opinion about the organization.

Your employees are a primary force in creating the picture your community has of your company. They may fulfill this role either consciously, or unwittingly. But attitude research shows that the impact of an employee's influence on local opinion toward his employer is of sizable magnitude.

This community influence will extend to a company's many public faces—as a place to work, as a corporate citizen, as an organization to do business with. And the impression created may be good or bad.

## Evidence of impact

The table above is from a research project directed toward finding how well employees of a well-run firm transmitted their impressions of the company to the people in the local community. It demonstrates the im-

portant role employees can play in building a company's reputation. This reputation, if it is a favorable one, has many values. It attracts desirable applicants to the employment office, helps assure civic fairness when considering zoning variances, and may influence public judgment in tax matters.

Of course, not all studies produce such clear-cut results as the one above. In another community survey conducted for a firm, it did not. In one community, for instance, knowledge of the company was fuzzy and blurred. Our analysis attributed this failure to crystallize their attitudes (on the part

of the townspeople) to the fact that most employees did not reside in the town proper. They commuted from outlying points. Conversely, in other locales, where employees lived and worked in the same area, the acquaintanceship of the townspeople with workers was reflected by a greater knowledge of company activities. And the townspeople had more definite attitudes toward the company.

## Why the community listens

Employees are not the only significant source of influence on the image

*Continued on Page 12*

### Do you know any Blank Company employees?

Yes	57%
No	43%

Taking everything into consideration, which company do you think is the best place to work in (name of town)?

	Know An Employee	Don't Know An Employee	Total Community
Blank Company	30%	2%	18%

How would you say the physical working conditions at Blank Company compare with the physical working conditions at other companies in (name of town)?

Better	40%	3%	24%
--------	-----	----	-----

How would you say the pay at Blank Company compares with the pay at other businesses and companies in (name of town)?

Better	34%	5%	22%
--------	-----	----	-----

How would you say the benefits (such as life insurance, hospitalization, retirement plan, vacations, sick pay, etc.) at Blank Company compare with benefits at other businesses and companies in (name of town)?

Better	29%	2%	17%
--------	-----	----	-----

FROM RESULTS OF DOUGLAS WILLIAMS ASSOCIATES SURVEY  
IN A NEW ENGLAND CITY.

a company builds of itself. There are many other sources, and they are well known to the public relations fraternity. But it would be a serious oversight, when planning a community relations program, not to consider the inherent (and logical) tendency of people to regard the employee as an authentic voice of his company.

In the first place, he is in a unique position to judge the company as an employer. Few would deny an employee's authority from this viewpoint.

Further, outsiders feel that he has, because he is on the inside, a special basis for knowing what the company's activities and plans are. It seems only natural for the casual observer to regard employees as a source of valid information. And as a result, they are expected by the community to be able to answer questions about how the concern operates.

### Tracing employee influence

To clarify the way in which employee ambassadorship is established, the experience of the Bell Telephone System can be cited.

Periodically, Bell System operating companies sample subscribers' attitudes toward them. They do so through questionnaire surveys which ask how people feel about telephone service, its cost, and about the company in general. A few years ago, our firm was retained to conduct exploratory, probing-type interviews among telephone subscribers. Our objective was to get behind the statistics; to gain more insight into *why* these people felt as they did about the Telephone Company.

Our first findings confirmed the importance of employees as a source of influence on people's attitudes toward the company. But our research did not end here.

We undertook follow-up work—in interviewing employees themselves on the subject of employee ambassadorship. We went into several towns and conducted interviews with a sample

of company employees there. We talked with them about three main subjects: (1) their job attitudes, (2) their level of company-connected communication, and (3) *their contacts with people outside the company*. The third area helped give us a significant picture of how these interchanges affected people's attitudes toward the Telephone Company.

We now went further. With the permission of the employees, we talked with their families, friends, and neighbors. In these interviews we traced through what, of the employees' attitudes and knowledge, had been transmitted to these outside contacts. In other words, we found out how the opinions held by these townspeople of the company had been conditioned by their association with Bell people.

The results were especially significant.\* Effects of employee ambassadorship were often strikingly direct and immediate. There was indisputable evidence that an employee's off-the-job behavior and conversation created lasting and identifiable impressions among local citizens. Of course, on-the-job contacts of telephone operators and other service people showed a heavy impact on public opinion.

### Employee's role as communicator

Our own experience with several surveys in the area of employee ambassadorship leads us to organize the employee's role in public relations under four headings:

#### 1. Employee as a source of evidence regarding his company as an employer

A company's reputation as a place to work travels fast. It goes by word of mouth from present and past employees to the public. There's no question that the employees are the experts—for better or worse. This kind of information is especially effective in the local employee market. When a mechanic or a stenographer wonders about what company to work for, he values the evidence from one of his peers—someone who is work-

ing now, or who has worked for the company. As a concrete example, look at the findings of another community survey we recently completed. As one phase of our study, we interviewed people who had applied for jobs at the client company. Nine out of ten of these applicants said they knew an employee of the company—and had been favorably influenced by them to apply there for work.

Employee ambassadorship at the professional level is even more dynamic. Recently, one of the country's leading industrial research laboratories asked us to find out how they were regarded in the eyes of their colleagues. In our interviews we were astonished at how articulate scientists and engineers are, not only about their own companies, but also about conditions and opportunities in various research laboratories throughout the country.\*

In my opinion good community relationships are more than worth the effort they take, if only to ensure a firm a good draw on the productive employees in its area.

#### 2. Employee as a source of information about his company

If your company's products or services are marketed locally, townspeople believe what employees tell about their quality. In the case of consumer products, this reliance upon employee-created impressions could be called almost unreasonable. We've all heard stories about "the company whose products are so poor the employees who make them won't buy them."

The difficulty here can lie not in malicious tale-telling but on misinformation. I know of one company in which the workmen accused management of letting shoddy products get by inspection. Such was not actually the case. What had happened was that the company had acquired a new customer who had ordered private-branded products that did not conform to the rigid standards applied to the company's name brand. The workers, unaware of the situation,

*Continued on Page 14*

• MR. WILLIAMS is a partner in Douglas Williams Associates, New York Management Consultant firm. •

\* "Telephone Employees And Public Relations," John W. Cogswell, Bell Telephone Magazine for Spring, 1955, American Telephone and Telegraph Company, New York.

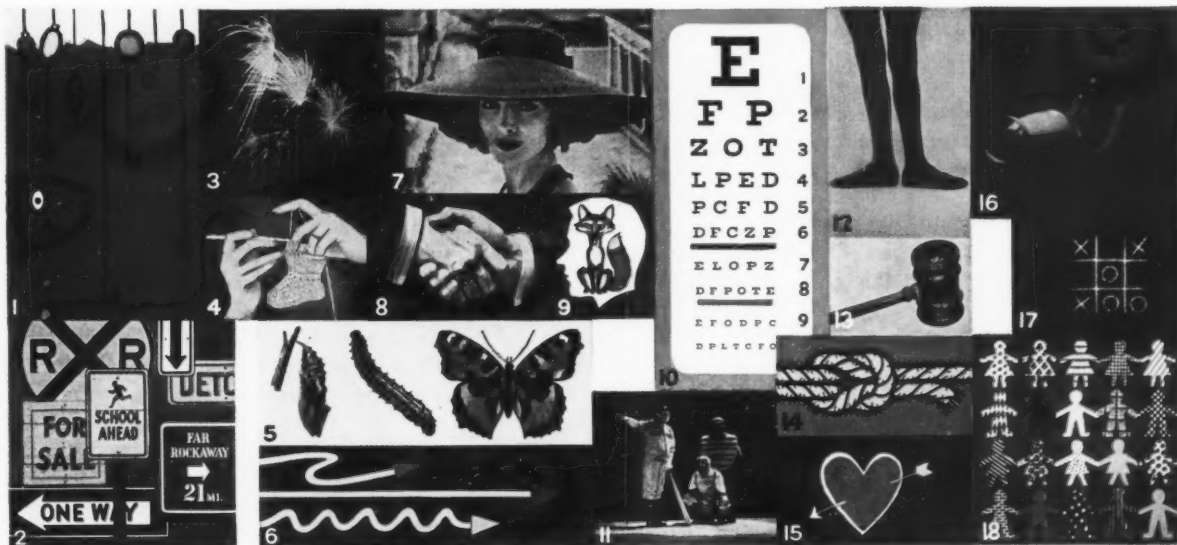
\* "Attracting Topflight Scientists And Engineers," Douglas Williams, Personnel, May 1958, American Management Association, New York.



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**HOW EMPLOYEES AFFECT COMPANY REPUTATION:** *The Norristown Community Relations Committee of Bell Telephone Company of Pennsylvania prepares to study public opinion toward the Company, locally. Stan Peterfreund, of Douglas Williams Associates (standing), points out some ways to make their interview-contacts effective. Clues toward improving outsiders' views of the Company, by helping employees to be better ambassadors, can be pinpointed through such informal research.*

concluded that the company was now cynically shifting its quality standards in response to whatever volume of demand might be. And these people didn't hesitate to broadcast this misconception.

### **3. Employee as a source of evidence of his company's citizenship**

The part an employee plays as a citizen in his community will be viewed by many as a mirror image of his company's citizenship. For instance, the company whose employees do their part in civic activities will find that the townspeople are likely to regard this as an expression of the company's general attitude toward the community. Consequently when an employee is encouraged to serve the Community Chest, collect for the hospital fund, join the Chamber of Commerce, or chair the local PTA, the company's reputation is enhanced.

Two instances of how the community links employee activity to company citizenship were uncovered

during interviews we conducted for a research laboratory that was moving into a very small town. One respondent, a housewife, expressed concern that professional employees with higher incomes than hers would initiate a demand for special municipal services — such as trash disposal — which would increase her tax rate. Another respondent, the principal of a grammar school, expressed the desire to have professional employees lecture occasionally on science to his pupils. In the former instance, there is an obvious association of the employee with the company, in its identity as a new neighbor in town. In the latter, there is a splendid opportunity for the company to encourage individuals to build the company's civic image.

### **4. Employee as a representative of the company to do business with**

One organization, with people who went into homes to repair a particular type of appliance, decided that

these same service people could also do a selling job on new appliances. Accordingly, the company undertook a promotion campaign to this effect.

However, one essential factor was overlooked. *No extra time was allowed* the men for this new activity. Their foremen continued to judge their performance on the speed with which they completed their calls. So, the men didn't spend any time selling in the field; they just got to the next house as fast as they could.

Not only was this particular selling campaign unsuccessful, there were cases of customers who had become interested because of the promotion and who weren't even able to carry on a satisfactory talk about new equipment with the service men.

To prepare an effective public relations program, in which an employee is to play a positive part, requires a realistic approach to his own role.

## **Two essential ingredients**

The employee, then, may fulfill many roles as a company ambassador. But what determines how good the impression is that he creates, how effective he is as a communicator? Our studies emphasize two essential ingredients: (1) his *attitude* toward his company, and (2) the *information* he has about his company.

Let us look at the more obvious ingredient first. What sort of information does he need about his company when he talks with other people? An employee needs to know what he wants to know — not only what the company feels he should know. While most employees like to be authoritative about company matters in general, their greatest urgency as ambassadors is to be able to reply to questions *their* friends and relatives ask them. Suppose, for example, an electric power company was underwriting a public relations program to educate its customers to its needs for higher rates. Imagine the chagrin of an uninformed employee who is asked about the increases—and just has *no* facts. (He doesn't need to know a lot, but he does need to know *something*.)

In embarrassing situations like this,

he is likely to withdraw from his role of good-will ambassador. He doesn't want to reveal that he doesn't know the score. Without adequate understanding on his part, he may even become a negative communicator by declaring his own lack of sympathy for the company's position.

First, the company must be familiar with what its people's attitudes are, including what they want to know. Second, top management must appreciate the importance of passing on information to its employees. Further, there must be established a favorable *climate* for communications: questions must be answered willingly, information should be volunteered. Finally, the techniques of communication must be designed to fit the situation. In one company, informal oral methods may be sufficient. In another, meetings may be required. In still another, periodical letters may be the answer.

### Improving employee attitudes

Employee attitudes are quite another problem. Most of us are aware of the difficulty in changing attitudes—or behavior based on undesirable attitudes. Yet, our experience everywhere confirms the conclusion that an employee's attitude toward his job is *the most important ingredient* in the impression of the company he passes on to those with whom he comes in contact.

Attitudes can be improved, in the interests of better employee ambassadorship. They will rarely, however, be changed by lectures, exhortation, or by communications alone. The approach must be much more fundamental in its understanding of human motivation. Let me relate one successful experience.

This happened in a department store. The task that confronted our firm was to help improve the courtesy of the store's sales personnel in their customer relations. We chose not to follow a traditional approach of lecture-type training. Instead we channeled our efforts into a program of self-motivation.

Here's how we looked at the problem. Courtesy is a state of mind. It isn't a technique. A sales person

might go through a prescribed routine of courtesy—saying thank you, for instance. But if his attitudes were negative, he would register just the opposite of a courteous impression on the customer.

The important ingredient in courtesy, we reasoned, is one's attitude. We couldn't *order* a change in attitude. So we had to encourage the people themselves to *want to be* courteous—to set the stage for them to arrive at their own conclusion that courtesy was important. Only this would result in their being more considerate in their dealings with customers.

Here's what we did, in four simple steps:

**Step 1** Divide the sales people into small groups. Schedule two one-hour meetings to be held one week apart.

**Step 2** Have employees fill out a questionnaire at the first meeting. Purpose of the questionnaire was not to get information, but to start people doing their *own* thinking about courtesy. The questionnaire was divided into sections. In the first part, respondents were asked to select a number of establishments with which they did business as individuals (grocery store, shoe repair shop, gas station, etc., etc.). They were asked to rate them on courtesy and its effect on their own patronage. The second section of the questionnaire listed 20 department store-oriented situations in which courtesy played a part. The employee was asked to rate the store on each of these scores.

In the third part of the questionnaire, the emphasis was shifted from courtesy on an impersonal basis to one in which the employees could see their own involvement. Now each was asked to imagine *himself* in each of the twenty situations, and to rate himself.

In the final part, general questions were asked about courtesy as it related to the

*Continued on Page 29*

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## How Does It Look to the SEC?

By Robert D. Eckhouse

● "There has been an increasing tendency over the years to give publicity to corporate activities and affairs through many media of communication. This practice reflects a commendable and growing recognition on the part of industry and the investment community of the importance of informing security holders and the public generally of important business and financial developments.

"The SEC emphatically does not wish to discourage this trend. At the same time, it is essential that corporate management, underwriters, dealers, lawyers and public relations firms recognize that the Securities Act of 1933 imposes certain responsibilities and limitations upon persons engaged in the sale of securities and that publicity and public relations activities under certain circumstances may involve violations of this law. The in-

evitable result of failures to consider these matters is to cause serious inconvenience to issuers and underwriters in connection with the timing and marketing of securities issues."

### A "new" dimension

These are the words of Edward N. Gadsby, Securities and Exchange Commission chairman. They reflect the "new" dimension added to public relations, namely — "How Does It Look to the SEC?"

The word "new" is used only in the sense that recent action and statements of SEC officials have aroused hesitation, uncertainty and frustration in Wall Street and in business circles around the nation as to what can be said and what can be done now prior to, during, and even directly following a securities registration even though the authority for SEC jurisdiction in such matters was set forth back in

1933, in the Securities Act of that year.

Since that time there have been several instances when the Commission has, under its interpretation of the meaning of the provisions of the Act, taken action against an alleged offender. The responsibilities of underwriters, dealers, brokers and corporations with respect to the SEC in such matters is, therefore, not really "new."

### The "Arvida Case" outcome

Yet it is of tremendous significance today because of the SEC's decision in the so-called "Arvida Case," and the policies and attitudes that have developed.

As a result of the SEC's action in this matter and its subsequent declarations, it puts a "freeze" on all news and public statements when a company goes into registration. It declines to send out annual reports to non-

stockholders. On the advice of legal counsel, it delays, declines or tones down all public relations activity in fear that whatever it does may be interpreted by the SEC as an act which could influence the sale of stock prior to its clearance by the government agency.

There is no doubt that proper relations with the SEC are vital. More companies than ever before are going to the public to meet their financing requirements. Any delay or denial of these sorely needed funds could be extremely costly. In the third quarter of 1958 alone, registration statements filed with the Securities and Exchange Commission which became effective covered 275 issues of corporate securities involving \$4.2 billions.

Some businesses went to the public for the first time, others were repeats.

The current atmosphere of fear and ultra caution was created by the Arvida case in 1958. In this instance, Arthur Vining Davis, a man of some substance and widely known, formed a corporation in the summer of 1958, called Arvida Corporation, to which he transferred some large tracts of Florida real estate that he had accumulated. A press release was issued and stories were published in some Florida papers on July 8, 1958, simply announcing the formation and purpose of the Corporation.

Thereafter, negotiations with various financial concerns were held which led to an understanding on September 18, 1958 that certain outstanding Wall Street houses agreed to underwrite a public offering of Arvida common stock.

#### Plans and projects announced

Another press release was given out and a press conference was held, resulting in wide publicity not only to the plans and projects of the Corporation but to the contemplated public sale of the issue by the underwriters.

The SEC felt that the second press release read like a letter a distributor would send to a prospective purchaser in an effort to persuade him to invest in an enterprise. "The only thing it did not do was to specifically ask the reader to send in his order," Mr. Gadsby said.

"The important point," he explained, "is that no registration statement had been filed, and the SEC had not been given the opportunity, which the law plainly states it must have, to review the published facts upon the strength of which this public interest had been aroused.

"I might add that the information contained in this release and the whole tone thereof did not jibe in many respects with the content of the registration statement and prospectus which was subsequently filed with us," he said.

"Judging the activities and communications in the light of all the circumstances surrounding the publicity given out by the issuer and its underwriters, and in light of the procedures employed by the securities industry in distributing securities and the effect of the industry in their function in the distribution, it was the opinion of the Commission that an offer of a security or a solicitation of an offer to buy within the meaning of the statute had been made.

"We believed that this was the beginning of a sales effort. If, in fact, activity such as was involved in the Arvida case were to be permitted," Mr. Gadsby said, "it would be proper for issuers and underwriters in any case to create a demand for a security

and in effect accomplish its sale before the true facts were revealed in proper form to the public. This result would obviously be contrary to and defeat one of the fundamental principles and objectives of the Securities Act."

According to SEC officials "intent" and "method" or "approach," are key words in a proper consideration of these matters.

The SEC apparently felt that the timing and content of the press release and the holding of a press conference was incorrect procedure. The contents and timing of a press release can be controlled, but the normal "give" and "take" of a good press conference cannot be restricted.

#### What is the answer?

What is the answer, and what does it mean to the public relations profession and the financial community?

There is no simple solution. When companies like Ford, A & P, A T & T, and others decide to issue stock, or take some other similar action, the news cannot be suppressed. The SEC believes, however, that companies and their public relations counsel and personnel should try to control it.

Mr. Gadsby states that because the securities industry was slipping into a rather nonchalant attitude toward the provisions of Section 5, the SEC issued its release No. 3844 in October 1957.

This document which is entitled "Publication of Information Prior To Or After The Effective Date Of A Registration Statement" makes the following points:

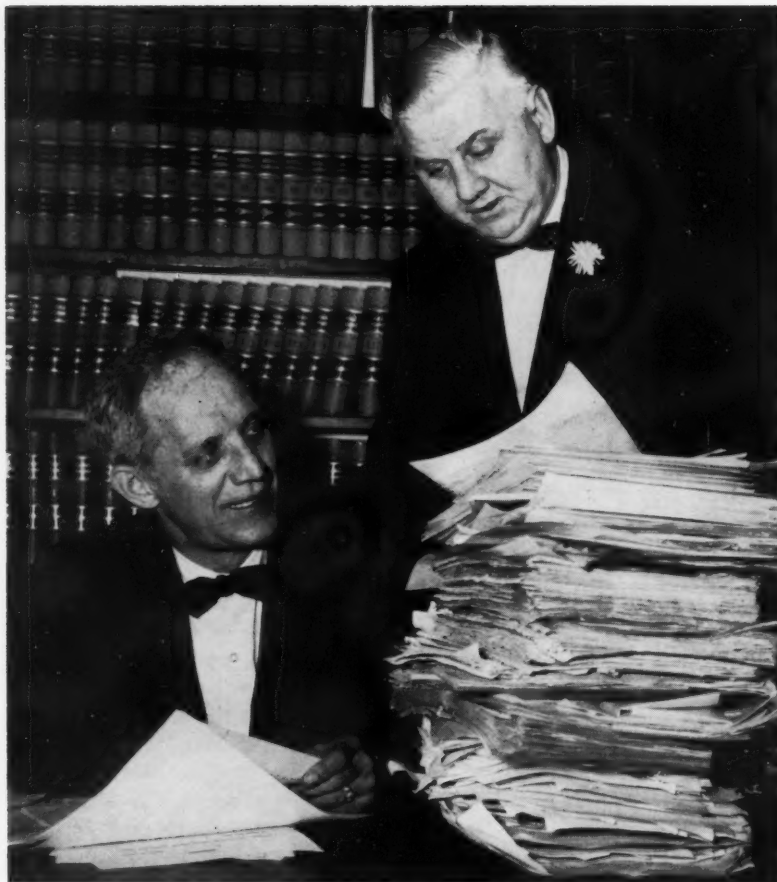
1. The publication of information and statements, and publicity efforts, generally, made in advance of a proposed financing, although not couched in terms of an express offer, may in fact contribute to conditioning the public mind, or arousing public interest in the issuer, or in the securities of an issuer in a manner which raises a serious question whether the publicity is not in fact part of the selling effort.

2. The release of publicity and publication of information between the filing date and the effective date

*Continued on Page 18*

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• ROBERT D. ECKHOUSE has been a public relations executive, newspaper, radio and magazine reporter and editor since 1934. His experience includes general public relations counseling and practice, with particular emphasis on the business and financial field. Before starting his own public relations firm in 1954, he worked for a large industrial company, a trade association and a public relations counseling firm. During World War II, he rose from private to major, served as Chief of Radio Broadcasting for the Allied Forces from Africa and Italy, and was awarded a Bronze Star Medal for outstanding frontline radio reporting on U.S. networks. He was on the staff of the NEWARK (N. J.) EVENING NEWS and graduated from the Rutgers University School of Journalism. •



*HUGE VOLUME of registration statements is handled by the SEC. Here John J. Devaney, Chief Enforcement Attorney (seated) and William D. Moran, Assistant Regional Administrator, both of New York office, examine some of the applications.*

of a registration statement may similarly raise a question whether the publicity is not in fact a selling effort by an illegal means; i.e., other than by means of the statutory prospectus. Similar problems will arise from publicity and the release of information after the effective date, but before a distribution is completed.

3. A collateral problem is presented by reason of the fact that the dissemination of information, other than that contained in a prospectus, prior to or during a distribution may tend to affect the market price of the issuer's securities artificially.

4. Information of a misleading character, gross exaggeration and outright falsehood have been published to stimulate an appetite for securities, which could not have been included in a statutory prospectus.

5. Many of these cases reflect an

unawareness of the problems involved or a failure to exercise a proper control over research and public relations activities in relation to the distribution of an issue of securities.

#### **Ten difficulties encountered**

Release No. 3844, which is dated October 8, 1957, then cites ten examples of difficulties encountered by companies in their interpretation of Section 5, of the Securities Act. Public relations personnel would do well to familiarize themselves with Release No. 3844, though the specific answers as to what can be done and what cannot will still remain largely unresolved.

"Factors such as intent, knowledge and time would be important considerations in determining whether a person must be regarded in a particu-

lar situation as being involved in an attempt to dispose of a security within the intent and meaning of the Act. For these reasons, the Commission has never believed it appropriate to attempt to formulate a rule-of-thumb definition in this area and has endeavored to deal with the problem on a case-by-case basis," stated the SEC chairman.

Obviously a corporation that is planning to bring an issue to market need not close its advertising department, dismiss its public relations people and gag its officials and employees.

"Most certainly an issuer may continue the normal conduct of its business and may communicate with its security holders and customers prior to the filing of a registration statement or during the so-called 'waiting period.' Thus, it may continue to publish advertisements of its products and services without interruption," Mr. Gadsby said. "It may send out its quarterly, annual and other periodic reports to its security holders. It may publish its proxy statements, send out its dividend notices and make routine announcements to the public press and to employees without objection from the Commission."

The questions most frequently raised concern press releases and speeches by corporate officials during the pre-filing or pre-effective periods.

A press release by a corporation announcing some event in its business would not seem to present any particular problem. The announcement of a dividend, receipt of a contract, the settlement of a strike, the opening of a plant or any similar event of interest to the community in which the business operates have never been looked upon askance.

#### **"Routine" announcement**

What is meant, for instance, by "routine" announcements? Surely the release of a new product, new process or new plant is "routine." Yet such information could certainly affect a stock offering. Shall it be held back, denied or concealed?

Then there is the phrase: "... of interest in the community in which the business operates ...". This is dif-

*Continued on Page 20*

# 2 IS YOUR PICTURE UP- TO-DATE



By WILLIAM H. LONG, JR., *Chairman of the Board, Doremus & Company*

"In public relations work, the regular review of picture files is standard procedure. It is necessary because portraits of executives become dated, old photographs of plants lack new additions and improvements, old product pictures show obsolete models and packaging.

"The picture an investor or a potential investor has of a company also needs regular review and up-dating. If your company becomes a major factor in missile components there is not much comfort in the fact that the investing community still thinks of you as the world's largest manufacturer of buggy whips.

"The best way to keep your company picture *always in focus* for investors is to tell them continually what you are doing and where you are going. Tell the great and growing investing public . . . and by all means, be sure to tell the key people who advise the investing public. Together, they make thousands of investor decisions every hour across the country. Create your image, but be sure to keep it vivid. No company can afford to have its investment future decided on the basis of 'cold' news."

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difficult to define and is unrealistic in concept. Few business operations of any consequence are only of interest to a limited region. Aside from social and sports news, almost any company activity is of interest to the business and financial community as a whole, at least to some degree.

This article is not intended to criticize the SEC or to be argumentative in this manner. Its chief purpose is to explore the situation so that public relations counsel, heads and members of company public relations departments, and underwriters, dealers and corporation managements may have a better perspective when examining certain public relations activities in the light of how they may look to the SEC.

Corporations should not adopt a "play it safe" and "let's do nothing" attitude. This is a reaction to the Arvida case that should be corrected.

In an address last year before the Central States Group of the Investment Bankers Association Mr. Gadsby said the Commission had in mind the preparation of a further release which would serve in some measure to clarify its Release No. 3844. The fact that over a year has passed since that comment was made would suggest that either the SEC is experiencing understandable difficulty in getting together anything on paper which will really

clarify its policy, or it has decided that, after all, the earlier release is the best it can offer on the subject.

#### SEC Administrator

In a discussion with Paul Windels, Jr., SEC Administrator for the New York Region, the suggestion was made that public relations activities that come up in advance of, or during, a registration be passed on by a company's lawyers.

"It is extremely difficult to be specific and to state precisely what item of publicity might be regarded by the SEC as part of a securities sales campaign without knowing all of the surrounding circumstances," Mr. Windels said. "But any provocative release coming out when a company files for registration would arouse suspicion. The SEC may quite rightfully ask the issuer to explain.

"If the attorney is not aware of the circumstances, doesn't know for example that this is a story which may have been in a publication's possession for a long time and its appearance in print could not be controlled by the public relations man, it may be embarrassing for him. Similarly, there may be other circumstances unknown to the public relations man which would cast his item of publicity in a suspicious light. Of course, there



Mr. Eckhouse

would be full investigation, but if it should result in a delay or postponement of the underwriting, it might be a serious matter for the company."

"The public relations profession," Mr. Windels stated, "must recognize that the company's position under the Federal Securities laws is of vital concern to it. Even though a good piece of publicity may present itself, or some other public relations activity seem desirable, each project should be considered with respect to all other circumstances and how they will reasonably appear to the SEC.

"We are not trying to restrict publicity or any other public relations activity," he said, "and we make every effort to be fair to our analysis of the various motives behind such activities."

The issue of freedom of speech has already been raised with respect to the SEC's action in the Arvida case. While there appears to be no quarrel with its procedure in this instance, undoubtedly there are other cases where companies' registration filings have been deliberately delayed. Whether in each of those instances the SEC acted in a manner indicating awareness of public relations procedure and press relations may not be determined.

The SEC, as well as the business and financial community, has an obligation to look to its own relationships with the press and other "publics" and, perhaps with the aid of the public relations profession, take steps to clarify its acts and interpretations so that its "intent" and "timing" will not create misunderstanding and erroneous impressions on its "public." ●

*IN WASHINGTON, the SEC is directed by five commissioners, headed by Chairman Edward N. Gadsby of Massachusetts (center). Other commissioners (left to right): Earl Hastings of Arizona, Andrew D. Orrick of California, Harold C. Patterson of Virginia, and James C. Sargent of New York.*



# WHAT CORPORATIONS SAY ABOUT ANNUAL REPORTS

By Don Campbell

● Who's responsible for producing the annual report, one of the most important documents of modern industry? What kind of clearances are necessary? And what does the annual report cost?

These are questions that Standard Oil Company (Indiana) considered important. So this summer we made a careful survey. The survey aroused so much interest among participating companies, in the financial and operating as well as public relations departments, that it may be of value to many others.

Naturally we were interested in the experience of companies in our own industry, but we wanted measurements from nonpetroleum companies as well. So we sent questionnaires to 50 companies, divided equally be-

tween those in the petroleum industry and those in other industries.

## Techniques and results

First a word about techniques, then data on results. Leading up to the survey, I had talked informally about annual report procedures last year with public relations executives in several companies. This helped establish the proper questions to ask.

Robert Siebert, editorial director of Standard Oil (who is chiefly responsible for our annual report), and I gave careful attention to the mechanics of our survey. Like others, our department gets a flood of survey questions. Many of them demonstrate no usefulness to us. Many are couched in terms that apply only to the questioner. Many need so much interpretation as to what is wanted that precious time is wasted, or the questionnaire isn't answered at all.

So the first thing we did after constructing a questionnaire was to try to answer it ourselves. Believe it or not, that resulted in deleting or rephrasing many questions. That "believe it or not" may sound naive, but I wish many other questioners would apply the same test!

We then decided that since we had answered the questions ourselves, we would be wise to send our own completed questionnaire along to those we were asking to answer. The purpose was twofold. One, we were asking for confidential information, and we thought the best way to ask others to trust us was to trust them first. Secondly, we thought that by demon-

strating the kind of answers we were seeking we would make it easier for others to answer.

Our final test was aimed at checking questions as to ease of answering. Was the kind of information we asked easily available? Did it involve complicated interpretation of statistics? Could most of the questions be answered "out of the head" of the person responding? This we thought essential. And trying to write our own answers helped greatly.

## Eighty-five per cent replied

Perhaps this careful approach along with the strong interest in the subject, was responsible for the fact that more than 85 per cent (43 out of 50) of the companies replied in excellent detail. Twenty were oil companies; 23 were not. The companies represented a wide range of business and industry.

Information sought broke down into nine categories.

## Responsibility

Responsibility, when assigned, generally covers all phases from planning to publication.

In 22 of the 43 companies, responsibility for the report is shared by the public relations department and some branch of the financial department (comptroller, treasurer, accounting, financial vice president's office). Public relations has single responsibility in three companies; the financial department in two companies.

*Continued on Page 22*

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● MR. CAMPBELL has been director of the public relations department of Standard Oil Company (Indiana) since 1956. He joined the department in 1949. From 1946 to 1949 he was with American Locomotive Company in New York City and Schenectady, N. Y., as public relations assistant to the vice president. In World War II he had overseas service with the Navy.

Earlier he had been news editor of the Miami, Fla., Herald and day news editor of the Detroit, Mich., Free Press. He is a graduate of Kalamazoo College in Michigan and of Harvard University's Advanced Management Program. ●



**STOCKHOLDERS:** Annual reports are usually aimed at serving needs of the company's stockholders.

In three companies, direct responsibility for the report rests with the chief executive officers; in two companies, with the assistant to the president.

The economics or economics planning department has responsibility for the report in three companies. In two of these, public relations assists. The secretary's department exercises responsibility in two companies. In each, public relations assists. The fi-

nancial and law departments of one company join forces in producing its report.

Five companies have stockholder or investor relations departments; of the five, two exercise primary responsibility for the report. Three work on it in conjunction with the financial and public relations departments.

Almost all companies require multiple clearances. In all instances, approval by the chairman or the president or both is necessary. Additionally, for 22 of the 43 reports the approval of the board of Directors is required.

Generally, department heads review sections about their own departments. Other sources of clearance commonly listed were the financial vice president and executive committee. Clearance is commonly required for charts (in 34 of 43 companies); for photographs (in 29 of 43); and for layouts (32 of 43), as well as for copy.

Of the 43 companies, 41 permit those directly concerned with the report's preparation to make last-minute changes of a minor nature on their own authority to take care of space problems, widows, etc.

#### Preparation

**Planning.** Report planning starts as much as a year in advance of issue in four companies. Generally, how-

ever (for 30 of the 43 companies), planning starts within a range from six to nine months. Actual work starts for the most part within a range of from three to six months preceding issue; it is three months in 10 companies, four months in 13 companies, five months in 10 companies, and six months in seven companies.

**Photographs.** Thirty-two companies report having photographs taken especially for the report. Thirty-four companies (including many of the above) use photographs from existing files. In nine companies, the different departments and subsidiaries submit photographs. Three companies do not use photographs in their reports.

**Source Material.** Source material is submitted for the most part—36 of 43—by department or division heads. Ten respondents additionally mentioned reports by heads of subsidiaries. Ten use personal interviews to supplement source material.

**Drafts.** Only two of the 43 companies write fewer than three drafts of the report. Twenty-seven companies aim at a consistent pattern of treatment from year to year; 15 seek a new theme in each report.

**Outside Counsel.** Of the 43 companies, one uses public relations counsel regularly for its report. Two do so occasionally. One uses stockholder relations counsel occasionally. Four use advertising agency counsel regularly, two on an occasional basis.

#### Costs

Our survey shows slightly more companies increasing annual report costs than reducing them. Of 42 companies furnishing data, 18 reported increased costs for their 1957 report; 15 reported reduced costs; and 9 indicated costs approximately the same as the preceding year.

Oil companies, included in the above, were somewhat more cost-conscious than other-industry companies, with five increasing costs, nine reducing them, and five maintaining costs at the same ratio as before.

Cost increases ranged up to 54 per cent; cost reductions down to 50 per cent.

**Unit.** The unit costs in dollars of reports in the survey (41 of 43 com-



**EMPLOYEES:** Survey showed many companies distribute annual reports to their employees.



**COSTS:** Survey showed more companies are increasing annual report costs.

panies supplying data) were as follows:

1.38	.53	.30
1.23	.53	.28
1.13	.44	.27
1.04	.42	.26
1.00	.405	.258
.93	.40	.235
.93	.40	.216
.90	.37	.206
.67	.365	.175
.587	.36	.175
.58	.34	.15
.58	.33	.14
.56	.31	.107
.54	.30	

**Total Cost.** For those reporting total cost data (39 companies), the highest dollar cost was \$267,900, and the lowest was \$8,881. These total dollar costs do *not* correspond with the highs and lows of unit costs above, for obvious reasons of total distribution.

#### Employee communications

Of the 43 companies, 23 distribute annual reports to employees; 17 others do so on a limited basis. Ten of these 17 do so in connection with savings or thrift plans; the other seven distribute copies to supervisors, salaried groups, management groups, or to those requesting them.

Thirty-six of the companies cover salient annual report facts in employee publications. Only four of 43 companies publish a special report on the year's operations for employees.

#### Other circulation

All 43 reports compete against each

other for the attention of security analysts and other members of the financial community; each company makes such distribution to them.

Besides analysts and employees (as described above) 24 companies make limited distribution to customers; 18 give limited distribution to suppliers; 9 send copies to legislators; 12 to civic leaders; 6 to schools. Other audiences: newspapers, dealers, royalty owners, plant office visitors, libraries, those requesting copies.

#### Miscellaneous findings

Of the 43 companies, 22 issue releases on earnings in advance of the report; 20 issue releases simultaneously with publication of the report, one issues a release afterwards.

Separate statistical summaries for analysts are published by nine of the 43 companies. Two report doing so occasionally.

Three of the companies conducted recent surveys of annual report readership.

Naturally, the results of this survey

gave us considerable food for thought. Our policy on our annual report is aimed directly at serving the needs of our stockholders. We are greatly interested in learning anything that will help do a better job.

Apparently our respondents think similarly. Most of the follow-up letters we have received indicate this. Perhaps the main interest has been in the area of costs, followed closely by interest in internal procedure. ●

#### Author's Note:

For those who wish to measure their own efforts against those of the companies participating in this survey, we will be happy to provide blank questionnaires upon request. Please write to the author at 910 South Michigan Avenue, Chicago 80, Illinois. Should you wish to provide us with filled-in questionnaire forms on a confidential basis, please say so, and we will send two forms. Upon receipt of your own information, we will reciprocate with ours. However, we feel we should not release the names of companies participating in the survey or supply additional details.



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# Public Relations in Israel

By Burton M. Halpern

• *Few nations, large or small, have attracted much more attention in recent years than has the State of Israel, which in 1958 celebrated its tenth year as a free and independent nation. Probably no nation barely the size of the State of New Jersey, with less than two million population, has been covered so widely by the world press.*

*At the same time, the development of few countries has captured the imagination, the interest, and the support of Americans, both Jewish and Gentile, as has Israel. Through millions of dollars donated for the immigration of refugees, through purchase of Israel bonds and private investments, American dollars have made a vital contribution to the rapid growth of the young State.*

*American know-how has joined with U.S. capital in creating new industry in important areas from oil drilling to paper making and the operation of supermarkets. These efforts have proved mutually profitable, and interest in Israel by American businessmen and companies continues to increase.*

*Public relations is just now taking over an important place in Israel's overall development as a nation and as a modern business and social community. And Israelis are striving to adapt American public relations methods and programs to the peculiar problems, background, and challenges of their State, internally and in the world scene. •*

• Out of a new society of taciturn pioneers who generally scorned propaganda, in its 11th year the State of Israel is developing a keen appreciation for the value of public relations of the American style, in business, government and social services.

The early Palestine settler fathered the concept of according all honor to the "doer," not the "teller." Leaders before and after establishment of the

State in May, 1948 (and subsequent victories over six invading armies), have impressed Israelis that no matter what was said among the nations—favorable or otherwise—the only thing on which they could truly rely would be what they did themselves, right on the spot.

## **Spartan ideal built Israel**

Before examining the vigorous nature of public relations in Israel today, it is important to understand the Spartan ideal which helped build the country, and to consider several other elements that went into early negative thinking on public relations.

**1. Security.** Israel's uniquely precarious security situation and resulting restrictions on information have done more than anything else to stifle effective national public relations pol-

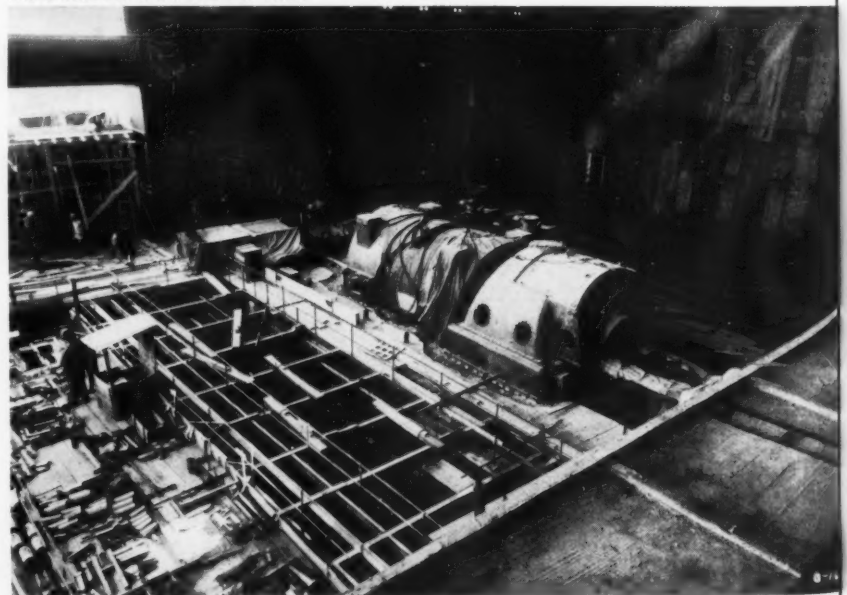
icy and consciousness. Since the Sinai campaign this feeling of "the less said about almost anything the safer" has eased. Needless to say, it had extended itself to become a crutch for pedestrian public information officers.

**2. Patriotism.** There had been a hesitation to conduct organized public appeals against policies of the hard-won, direly threatened new government.

**3. Size.** Most Israeli businesses were just too small for public relations.

**4. Politics.** Because of the plethora of parties, each with its own daily newspaper, and the way partisan politics dominates so many phases of Israeli life, the average citizen developed a thick skin to publicity campaigns.

PHOTO COURTESY STATE OF ISRAEL BONDS



*A new generator in Tel Aviv.*

**5. Supply and demand.** For the first six or seven years of statehood, demand so far ousted supply that anything available found an immediate market without need for product promotion. Consumer goods shortages are now virtually a thing of the past.

#### Most elements still exist

That all of these elements, except the last, still exist to some extent makes the rapid development of public relations into an essential, growing profession in Israel's charitable and educational institutions, government bodies, private industry and advertising agencies, all the more remarkable.

International troubles caused, according to many well-informed Israelis, by misconceptions about Israel in Asia and the West, have resulted during the past two years in greater emphasis in the governmental area on clear effective public relations policy.

#### Suez crisis

The Suez crisis had a decisive effect on Israeli attitudes toward public relations. When the Army was forced to withdraw from Sinai and Gaza, a furious populace was assured that at least the campaign made the world aware of Fedayeen raids, sea blockade and security threats. But government supporters and opposition alike thought out loud that Israel should be operating a more suitable mechanism to tell the world its problems.

Israel's failings in public relations were even made an important public issue at the end of 1956. Prime Min-

ister David Ben Gurion himself was called by the Knesset to explain why hundreds of the world's top journalists gathered in Israel were forced to cover the Sinai campaign from a Tel Aviv hotel, while the world got its first news from Cairo sources. "B.G." admitted that a serious blunder had been committed and since that time, undoubtedly due in part to the parliamentary censure, a far greater interest has developed in the necessity of shaping world opinion by presenting fuller information programs.

In the recent Middle East dispute involving Lebanon, Jordan, Egypt, the United States and the Soviet Union, Israel kept itself out of the center of the storm, while keeping the world conscious of the dangers involved. This is the result of a slow but conscious development of public relations thinking and skills in Jerusalem. Not the least of these developments is the installation of a new radio transmitter—broadcasting seven hours daily in Arabic to Israel's neighbors.

In Israel, government and business policy are often so closely interdependent as to be inseparable. But rather by coincidence the period between Suez and the present also saw drastic revision in the acceptance of public relations by Israel's non-government sector.

#### All-out campaign

An all-out public relations and advertising campaign conducted by Canadian-born Samuel Dubiner of Cargal Container Company in 1957 succeeded, against the opposition of one of Israel's most influential bodies, in forcing reconsideration of announced rejection of cartons for packing Israel's citrus crop—its major export amounting to more than \$50,000,000 annually. The success of this unprecedented campaign had a profound effect on the thinking of Israeli businessmen.

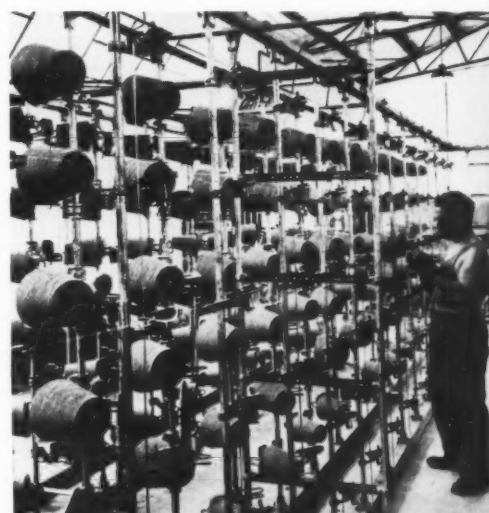
There is scarcely a company in Israel today, large or relatively small, government controlled or operated by the Histadrut labor federation, which does not have at least one person

*Continued on Page 26*

PHOTOS COURTESY STATE OF ISRAEL BONDS



*Fertilizer and chemical factory, Haifa.*

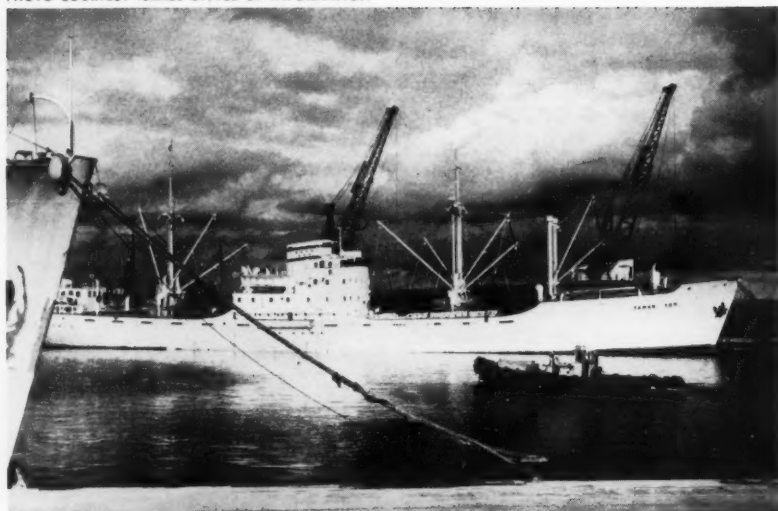


*Textile plant in Tel Aviv.*



*Oil fields at Heletz.*

• In 1956, BURTON M. HALPERN went to Israel where he spent more than a year writing for U. S. business and trade publications and counseling governmental and private organizations on public relations. He travelled throughout the country working on kibbutzim (farm settlements) and the oil pipeline, gaining first-hand knowledge about Israel's rapid growth and progress. Mr. Halpern is a graduate of Syracuse University and is a partner in Freeman-Halpern Associates, New York. •



*THE TAMAR, one of Israel's rapidly-growing fleet of freighters.*

charged with administration of public relations. While also increasing in scope, product promotion is only one phase of these efforts. In the bigger industries such as tires, steel, paper, chemicals, shipping, competition is still limited, yet public relations efforts are important factors in company policy.

Intensive corporate-type public relations efforts come as a result of two evolutions in Israeli thinking—realization by the public of its power as consumers and citizens and, by the companies, of the importance of public opinion and the need to shape it.

In this heavily-taxed, near welfare state, governmental decision regarding taxes, raw material imports permissible, duties, loans, technical and physical assistance, play a crucial role in the life of industry. To prove the importance of a business to the State, its public relations people continuously stress:

Dollars saved through replacement of imports, dollars earned by export sales, low cost of dollars earned in Israeli pounds, direct and indirect employment provided, especially for new immigrants. All these factors are essential to a nation striving to absorb an annual influx of tens of thousands of mostly penniless immigrants, provide jobs for 10-15,000 unemployed, cut a trade deficit which approximates \$350,000,000 annually, and face up to a tremendous defense burden.

### **Efficiency and productivity**

Public relations is also widely utilized internally by industry to influence greater efficiency and productivity from labor. Israel is in many ways a labor State, influenced by the Histadrut, which is often called "a state within a state." Wages are tied to an ever-rising cost of living index. Labor cutback and efficiency dismissals are frequently impossible. So to meet competition for export sales and to operate profitably at home, greater per-man productivity is fostered by intensive public relations efforts demonstrating the worker's and state's stake in increased output.

The government is a major employer of public relations personnel. An early disregard for public opinion has all but disappeared at policy levels. Every arm of the government is beginning to explain its mission; how people may take advantage of its particular functions, how citizens may help it save money and why it needs its budget.

Press information officers for the Post Office, Army, Health Services, Education Department, etc., are primarily involved in responding to complaints—the growing pains of a ten-year-old nation afford plenty of opportunity for letter writing. Employee relationships are also important in government bureaus. But the trends developing are for positive informa-

tion programs, and some fine public relations booklets are produced on behalf of Israel government agencies.

### **Israel Railways program**

Example of a first-rate program being conducted by a federal body is the job being done by the Israel Railways. This widely admired program is educating a bus-riding nation to travel by rail and a truck-hauling economy to railroad freight. Most importantly the publicity effort provided the impetus for vast improvements in railroad service, which, in hand with a newly informed public, has helped put the Israeli Railways (frustrated by limited runs to closed borders) in the black for the first time.

The publicity and advertising campaign launched by the government-owned El Al Israel Airlines to introduce jet-prop Britannia flights, in Israel and throughout the world, also has helped raise a lot of sights in the promotional field.

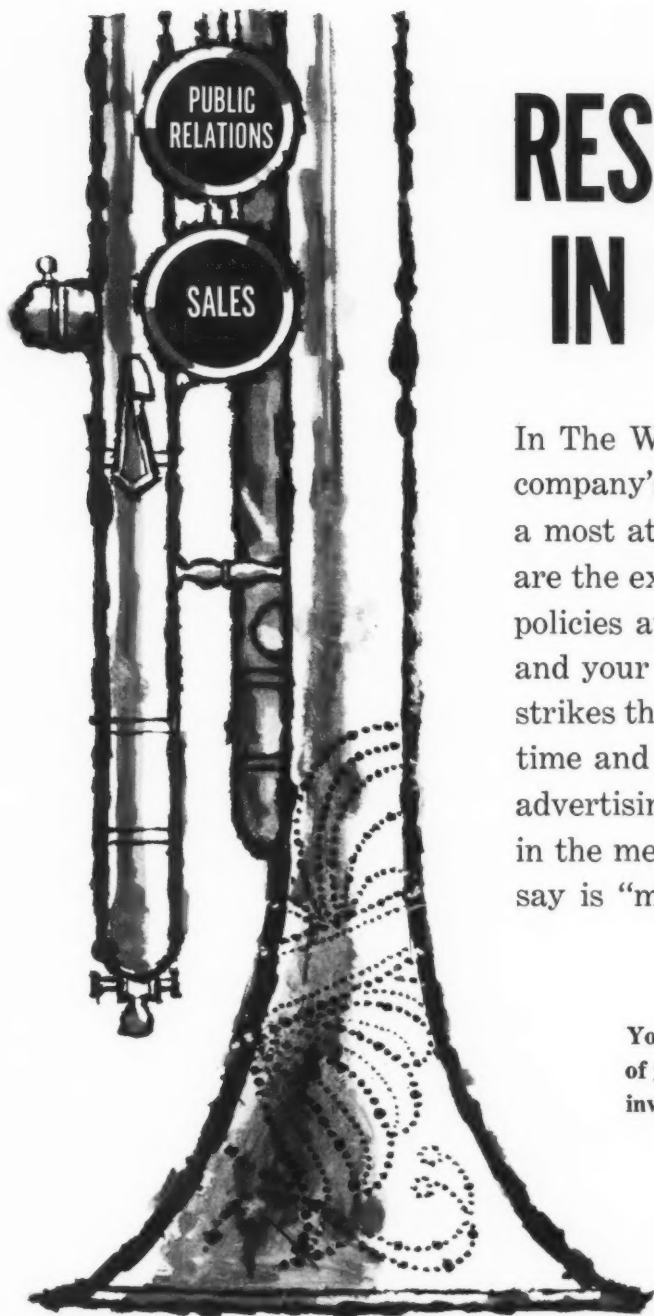
Another official agency with a tremendous public relations task is the massive Jewish Agency for Israel, responsible for transportation and resettlement of new immigrants to Israel. It is supported by contributions of Jewish people throughout the world (outside the Iron Curtain).

The major public relations challenge among new immigrant families and settlements is to maintain the morale of often inadequately-housed, under-employed newcomers from Communist and Moslem lands; to assure these immigrants that they too will share in the standard of living of the rest of Israel, and that their foresight and sacrifice are securing a free and democratic home for their children.

### **Individual responsibility**

At the same time public relations is working to make Israelis, especially young teachers and technicians, realize their individual responsibility toward helping in the full and healthy absorption of this latest wave of immigrants.

Humanitarian institutions employ  
*Continued on Page 28*



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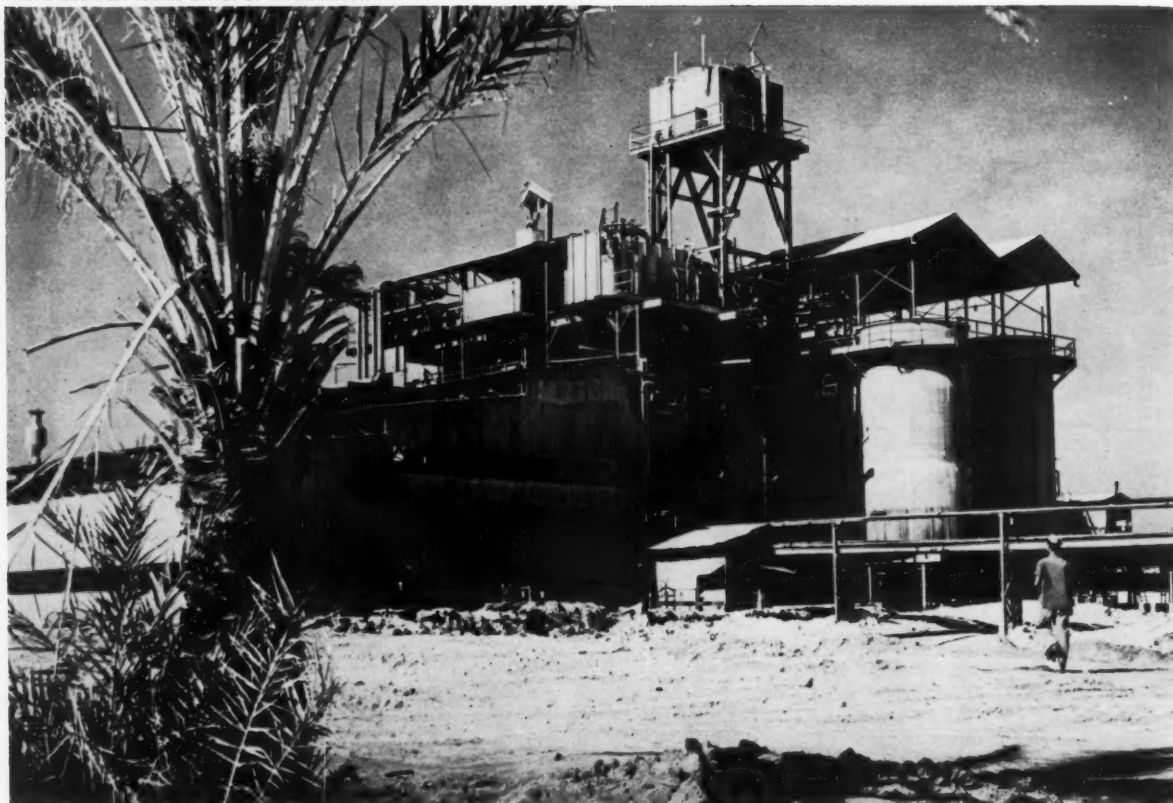
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some of the most active and able public relations in the country, despite the fact that many of them, such as Hadassah, Malben (care for the aged), Hebrew University, Bar-Ilan College and General Israel Orphan Asylum also have publicity representatives with fund-raising headquarters abroad.

The Israeli public relations man, in addition to supplying source material, pictures, film and case histories, is a past master at the art of conducting visitors on the guided tour. In fact, if there is one area where American public relations can learn from the Israelis, it is in the art of making the personal tour both a memorable experience for the visitor and a sound public relations weapon.

By American standards, media and methods available to the public relations man are of course somewhat limited. There are no television stations, a few trade publications and one non-commercial, government-operated radio station. But Israel is a literate nation, and the public rela-

tions man does have 23 Hebrew and foreign language dailies, about 100 bi-weeklies and weekly magazines, and 80 regular monthlies — for the printed word in a nation of just two million.

#### **Public relations films**

In addition the Israeli is one of the world's top movie fans and public relations films are a popular device.

Another popular promotion media is the exhibition. There is a major one going on almost all the time, and if you meet an Israeli public relations or advertising expert — for government, institution or industry—you will find a modern display specialist. This form is especially useful in reaching new immigrants and tourists unfamiliar with Hebrew.

Public relations despite the real depth of activity, still has a long way to go to achieve status as we know in America. There is still no agency I know of working on public relations alone, though there are, of course, free-lance writer-publicists.

Israel's 30 or more top advertising agencies include publicity and promotion services for their client, but still must support themselves on advertising billing. (Agencies receive 25 per cent commission in Israel.)

There is no organized society for public relations men. Most belong to either the advertising or journalism associations. There are just a few scattered lectures on public relations in educational institutions and among government press officers.

There is actually no word in Hebrew for publicity or public relations, and nine out of ten Israelis who happen to know exactly what advertising is, would be hard put (like some of their American cousins) to find a definition for public relations.

Yet even though they are still vague as to what it constitutes, Israelis are becoming aware that public relations, like many other new professions, trades and skills in their growing country, entails honest hard work of importance in building Israel. ●

## COMMUNICATIONS

*Continued from Page 15*

store's reputation, success, or the like.

**Step 3** Between the first (questionnaire) meeting and the second one, the salespeople themselves selected two of their own group to do some comparison shopping. This was comparison shopping with a new twist. The shoppers were to evaluate the courtesy performance of the people in other local stores. During the same period, the employees also were asked to take particular notice of courtesy levels in the stores they patronized.

**Step 4** In the second and final session, the meetings were thrown open to discussion. While meetings were staff-led, the leader's objective was to promote exchange of information and viewpoints. These interchanges were full and pointed.

**Result** The courtesy level of these salespeople improved markedly.

What had taken place? The circumstances of the training has enabled these salespeople to observe systematically — and objectively — their own experiences. In working out their own opinions, and by listening to the comments and suggestions from their peers (who had done the "courtesy comparison" shopping), they developed a genuine appreciation that courtesy was an important element of success to them and to the store.

### **Employees an asset**

A company's employees, in the most realistic sense, can be one of its most important public relations assets — or liabilities. To assure that employees become effective ambassadors of good will, a company must have an intelligent realization of the fact that its employees do portray an impression of the organization to the public. This means that as a first requirement for favorable employee



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ambassadorship the company's employee relations must be positive. But this is not enough. Its employees must

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## Books in Review

THE UNCOMMON MAN, by Crawford H. Greenewalt. McGraw-Hill Book Co., New York, 160 pp., \$4.00.

*Reviewed by Ronald Goodman*

● Crawford H. Greenewalt, President of E. I. du Pont de Nemours & Co., writes of "the uncommon man" in a compact book drawing from his own experience. The stereotypes of the executive suite are swept aside by the precise arguments of Mr. Greenewalt who reports that today's business executive—the uncommon man—is a dedicated professional manager of men. He decidedly is not an organization man type and does not conform to norms merely for the sake of conformity. If anything, he is non-conformist in that leadership in the business world is not achieved by adherence to the rule book,

Mr. Greenewalt debunks the current novelists' conception that the demoniac business corporation is a challenge to the identity of the individual. The modern business corporation does not stifle the creative urge or the desire for personal achievement of ordinary men who become uncommon men through diligence and the exercise of talent.

Originality and creativity are prized virtues sought in business today. Mr. Greenewalt, whose company has flourished for more than 150 years and has annual sales of \$2 billion and spends \$70 million per year for research alone, writes: "Organizations do not make men; men make organizations. Progress will be made in direct proportion to the intellectual freedom of action given all the men on the team.

"Behind every advance of the human race is a germ of creation growing in the mind of some lone individual, an individual whose dreams waken him in the night while others lie contentedly asleep. It is he who is the indispensable man."

Management above everything else needs large numbers of men willing to explore the full limit of their capabilities. And the environment to make this self-development possible must be provided along with the inducements necessary to gain the measures of achievement which have built the nation.

In Mr. Greenewalt's experience he has never found a precise formula by which executive performance can be measured. Executives are good when they develop a smoothly operating group of people through whom and with whom the executive works to coordinate, appraise decisions, and render final judgments. If executive ability cannot be measured, it certainly can be recognized—through experience and wisdom artfully used.

The industrial miracle of America has been made possible not by perfunctory performance but because uncommon men have been inspired to exceptional achievement. If our country is to flourish and the economy to expand in the future, the opportunity for continued individual personal achievement must be maintained in an atmosphere of freedom, incentive and self-respect.

All in all, a valuable essay—well worth the attention of public relations professionals. ●

THE BIRTHDAY BOY, by Al Hine. Charles Scribner's Sons, New York, 374 pp. \$3.95.

● *The Birthday Boy* is the story of Jerry McMann, a man considered a genius in the field of public relations. Jerry is the kind of guy who *had* to be liked by everyone and he puts forth considerable effort to achieve just that.

He's seen objectively through the eyes of his wife, business associates, clients, secretary, chauffeur, friends. Each one views him in a different light, some good, some bad.

Mr. Hine has written a devastatingly penetrating analysis of one man's character which makes interesting reading. ●

THE EVOLUTION OF A PUBLIC RELATIONS PHILOSOPHY FOR THE LIFE INSURANCE BUSINESS IN THE UNITED STATES 1939-1958, Edited by Richard F. Griffen. Institute of Life Insurance, New York, 76 pp.

● This booklet is comprised of salient quotations from addresses presented from nineteen annual meetings of the Institute of Life Insurance.

In his preface, Editor Griffen says, "The Institute is offering this booklet in the belief that not only do the quotations which follow shed historic light on the development of life insurance public relations, but the ideas they present and the suggestions they contain have broad current application in the life insurance business, and possibly, in other business as well."

It plots the development of life insurance public relations simply and briefly, and presents sound business thinking. ●

PROBLEMS IN TECHNICAL PUBLICATION MANAGEMENT — A Preliminary Survey, by Rosewall Ward. Bantam, Conn. \$3.50.

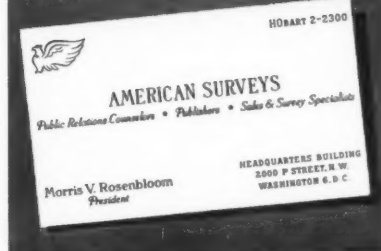
● This 22-page pamphlet is a revised, illustrated version of ten articles which originally appeared in "Armed Forces Management" in 1958. It covers problems encountered by management in the preparation of instruction books and other technical information for industry, the armed forces and the consumer.

There is a growing need, the author claims, for capable technical publication employees. According to Mr. Ward, very few people realize that currently an amount "estimated at from \$600 million to \$1 billion is spent annually on military and civilian instruction books. This makes U. S. industry collectively the largest technical publishers in the world."

Mr. Ward, who is a technical publications management consultant himself, has done a thorough job and offers practical suggestions for improving technical publications. ●

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## Foundation Grants Fellowships

● Six fellowships to public relations educators, who will work and study with business organizations and a counselling firm, have been granted by the Foundation for Public Relations Research and Education, sponsored by PRSA.

Recipients of the fellowships and participating organizations are: Joseph H. Mader, Professor in the Department of Journalism of Duquesne University, Pittsburgh, The Aluminum Company of America; Donald W. Krime, Professor of Journalism and Public Relations of the College of Business and Public Administration,

University of Maryland, Association of American Railroads; Ernest F. Andrews, Professor in the School of Journalism of the State University of Iowa, United States Steel Corporation; Melvin Brodshaug, Dean of the School of Public Relations and Communications, Boston University, E. I. du Pont de Nemours; Frazier Moore, Professor of Public Relations, Henry W. Grady School of Journalism, University of Georgia, Sun Oil Company; and Lawrence W. Murphy, Professor in the College of Journalism and Communications, University of Illinois, Hill and Knowlton, Inc. ●

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# Institute Planned For Public Relations Practitioners

• A one-week institute to examine the political, social, and economic trends in the United States will be held at the University of Wisconsin July 12-18 for 75 public relations practitioners.

The institute, first of its kind, is sponsored by the Public Relations Society of America in cooperation with the University of Wisconsin.

Hale Nelson, Vice President of the Illinois Bell Telephone Co., Chicago, who is general chairman of the institute committee, describes it as a "pilot operation in post-graduate education for public relations practitioners." The project was initiated by Kenneth W. Haagensen, Director of Public Relations, Allis-Chalmers Manufacturing Company, Milwaukee, and 1958 President of PRSA, and Kalman B. Druck, Vice President of Carl Byoir & Associates, Inc., New York.

Professor Scott M. Cutlip of the University of Wisconsin School of Journalism is serving as director of the institute.

Some of the nation's outstanding leaders in contemporary thought will serve as lecturers and discussion leaders for this course. Those who will definitely participate include:

Arthur Schlesinger, Jr., Harvard's Pulitzer-Prize winning historian and author of "Crisis of the Old Order" and "Coming of the New Deal."

Arthur Upgren, professor of economics, Macalester College, and formerly dean of the Amos Tuck School of Business at Dartmouth College.

Arthur J. Goldberg, Washington, D. C., general counsel for the AFL-CIO and author of "AFL-CIO Labor United."

Alfred H. Williams, former dean of Pennsylvania University's Wharton School of Finance and Commerce and former president of the Federal Reserve Bank of Philadelphia.

Marquis Childs, Washington columnist and author of "Captive Hero," "Sweden: The Middle Way," and co-

author of "Ethics in a Business Society."

Paul N. Ylvisaker, associate program director, Public Affairs Program, The Ford Foundation, New York,

William H. Sewell, chairman of the sociology department, University of Wisconsin and past president of the Sociological Research Association.

Percy H. Tannenbaum, director of the University of Wisconsin Mass Communications Research Center and co-author, "The Measurement of Meaning."

E. E. Schattschneider, professor of government, Wesleyan University, author of "Party Government," and a political analyst.

Dr. Leonard S. Cottrell, Jr., of the Russell Sage Foundation, will serve as discussion leader for what Chairman Nelson describes as a "week-long serious learning effort." Dr. Cottrell formerly was dean of the arts college at Cornell University. He will be assisted in this role by six members of the University of Wisconsin faculty: Professor David Fellman, political science; Professor Edwin Young, chairman economics department; Professor Bryant Kearl, chairman department agricultural journalism; and Professors Vernon Carstensen, David Shannon, and Irvin Wylie, all of the history department. These men will lead group discussions on class assignments.

Carroll West, President of the Public Relations Society of America, and Vice President, Title Insurance and Trust Co., Los Angeles, in announcing the Institute said:

"The Institute is a tangible expression of the Society's obligation to create opportunities and provide experiences through which its members may enhance their professional stature. Its purpose is to increase the knowledge, understanding, and competence of public relations executives by making available to them serious studies and discussions with leaders in business and education." •







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*V.P. Sales, Johnston & Murphy Division,  
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